

2017Q2 Update

August 3rd 2017

Disclaimer Statement

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- 所有財務數字均為本公司自結數

2Q17 Result Summary

2017年第二季營運簡報

2Q17	Revenues	Net Profits	EPS
NT\$	22.4 bn	327 mn	0.95

- Healthy demand for smartphone, ramp-ups in new tablet products and increasing popularity of 2-in-1 laptops prevailed over conventional weaker seasonality in 2Q
- Targeted profitability achieved via efficiency enhancement and lower depreciation cost.
- Operating expenses remained at the lowest level in the past 7 years
- 2H outlook remains intact with new product ramp-ups and seasonality



Financials

2Q17 Profit & Loss

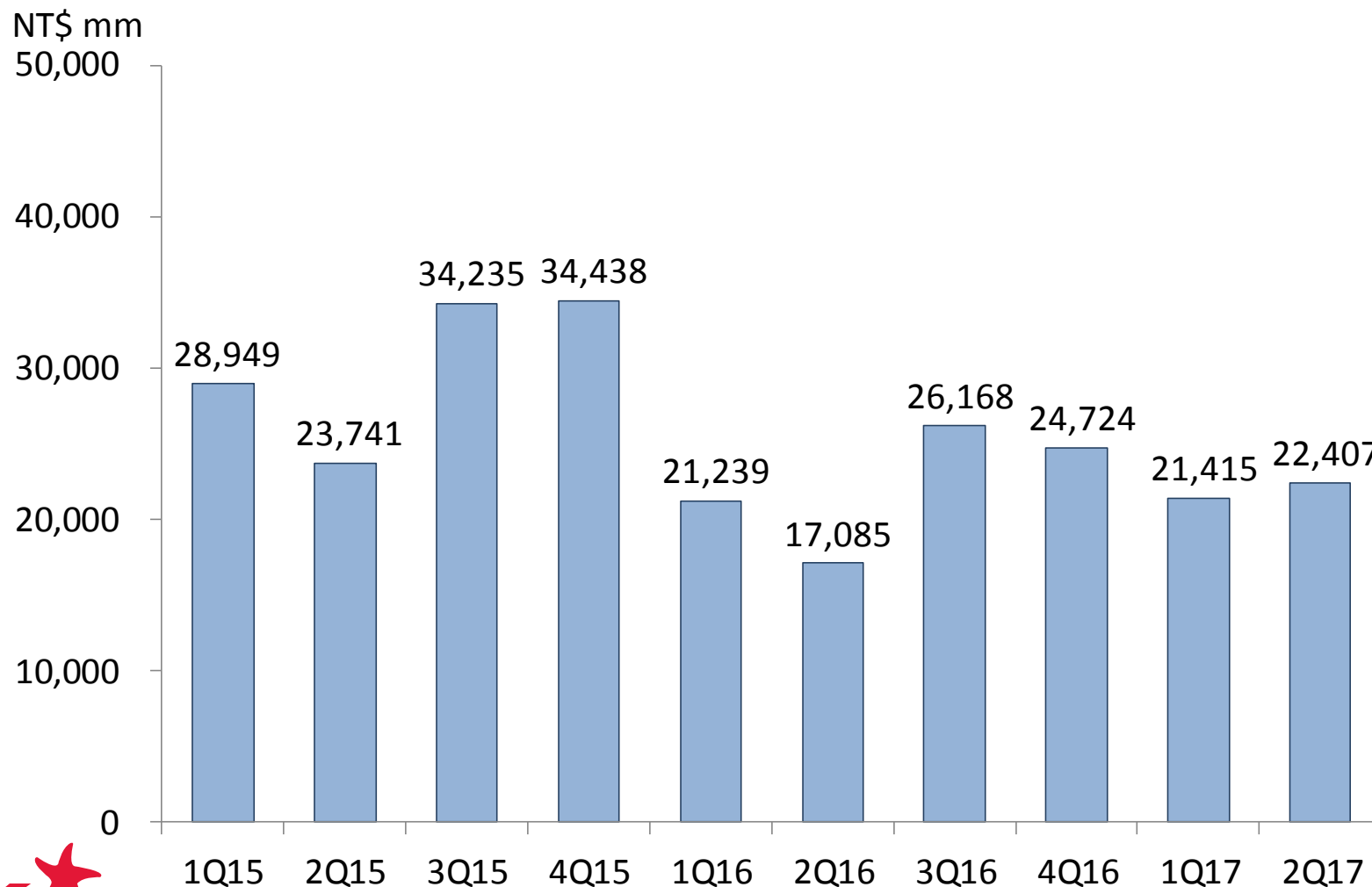
2017年第二季損益表

Profit & Loss	2Q17	1Q17	QoQ	2Q16	YoY
(NT\$ million)					
Revenues	22,407	21,415	4.6%	17,085	31.2%
COGS	(20,897)	(20,215)		(18,673)	
Gross Profits	1,510	1,200	26%	(1,588)	n.m.
Operating Expenses	(1,080)	(1,080)		(1,155)	
SG&A	(874)	(877)		(944)	
R&D	(205)	(203)		(211)	
Operating Profits	430	120	258%	(2,743)	n.m.
Non-Op Inc/(Exp)	85	621		68	
<i>Int Inc/(Exp)</i>	<i>(203)</i>	<i>(235)</i>		<i>(192)</i>	
<i>FX Gain/(Loss)</i>	<i>(124)</i>	<i>(100)</i>		<i>60</i>	
<i>Invest Inc/(Loss)</i>	-	-		<i>69</i>	
<i>Others</i>	<i>412</i>	<i>955</i>		<i>131</i>	
Earnings Before Tax	516	741		(2,675)	
Income Tax	(176)	(122)		161	
Net Income (Parent)	327	616		(2,499)	
EPS (Parent)	0.95	1.78		(7.28)	
EBITDA	2,835	3,290		(259)	
Margin:					
GM	6.7%	5.6%		(9.3%)	
OM	1.9%	0.6%		(16.1%)	
NM	1.5%	2.9%		(14.6%)	
Op Exp	(4.8%)	(5.0%)		(6.8%)	



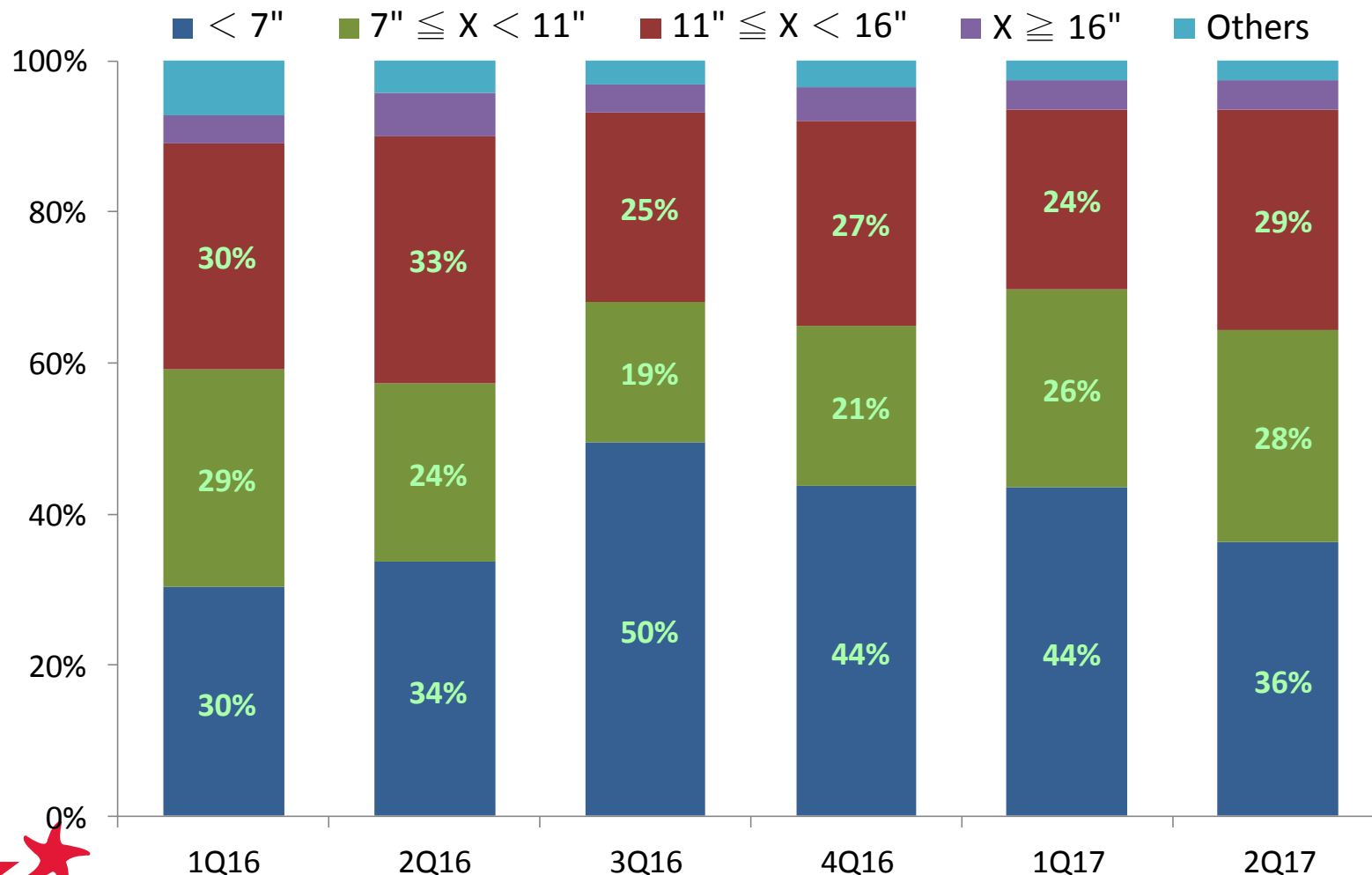
Quarterly Sales

季營收



Quarterly Sales by Form Factors

季營收結構



2Q17 Balance Sheet

2017年第二季資產負債表

Balance Sheet	2017/6/30	2017/3/31
(NT\$ million)		
Cash Equivalents	19,344	19,498
Debt Inv with no active market	1,526	619
Receivables	7,346	5,255
Inventories	5,604	6,583
Current Assets	35,628	37,491
Long-term Investments	258	258
Property, Plant and Equipment	38,320	39,249
Total Assets	78,030	80,668
ST Loans	20,104	25,003
Payables	10,344	10,396
Current Liabilities	36,328	42,579
Convertible Bonds	6,289	6,227
LT Loans	4,173	1,237
Total Liabilities	48,917	52,031
Common Shares	3,466	3,466
Non-Controlling Interest	253	235
Total Shareholder's Equities	29,112	28,637
Ratio Analysis:		
Quick Ratio	0.83	0.73
Current Ratio	0.98	0.88
ROE (YTD Annualized)	6.5%	8.6%
Net Debt to Equity	0.39	0.45





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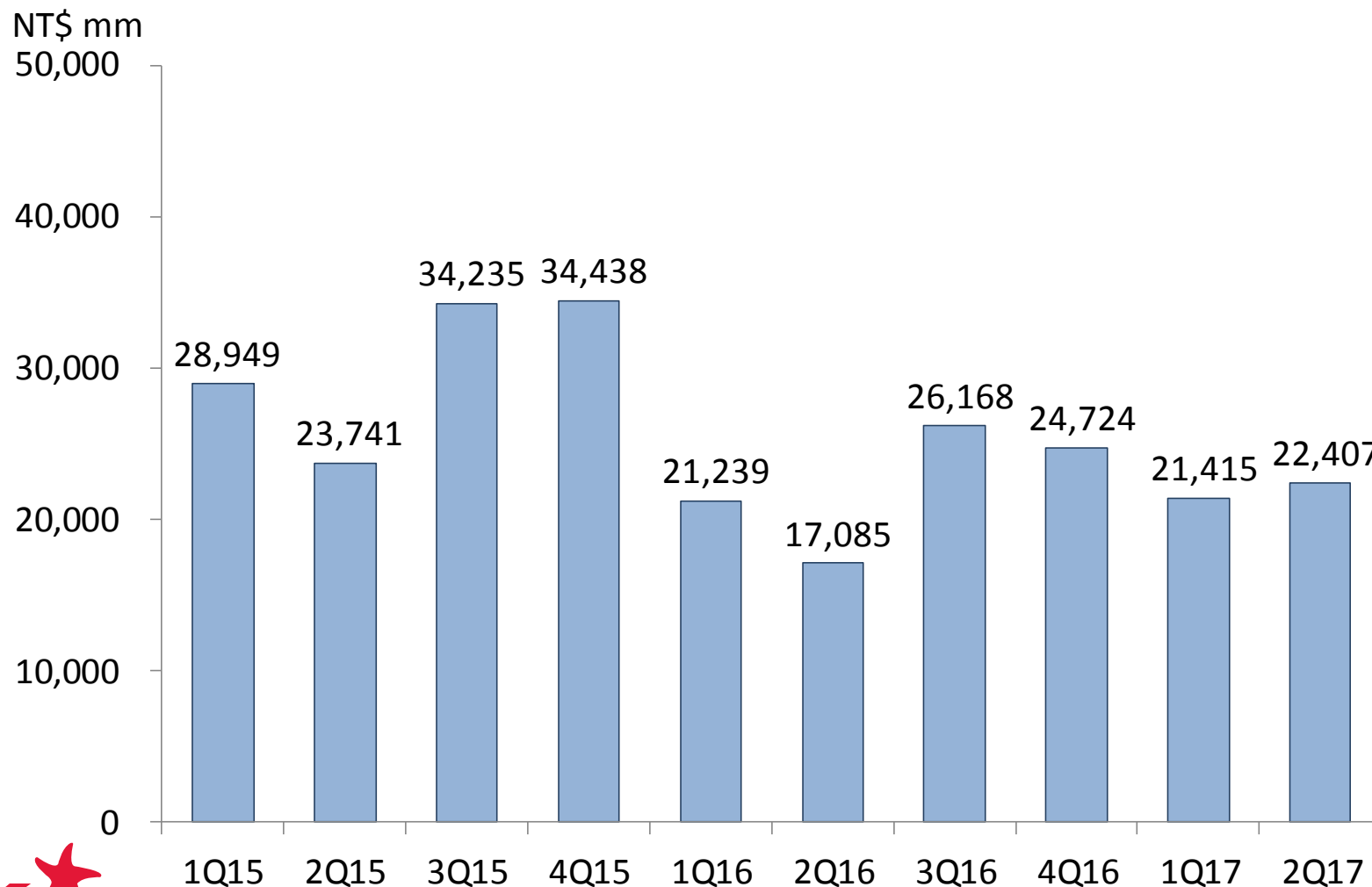
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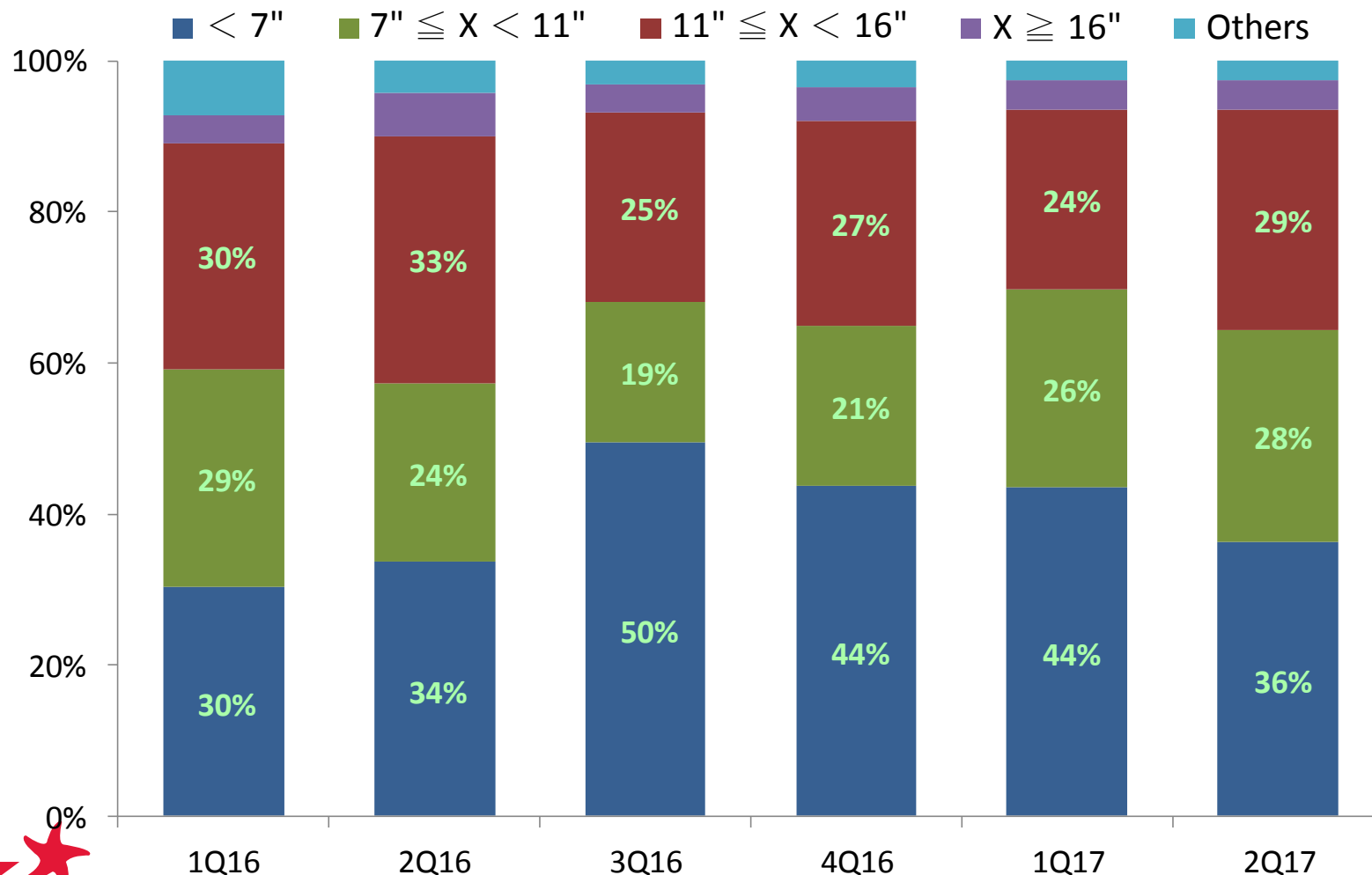
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FOR IMMEDIATE RELEASE

TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER OF 2017

Taipei, Taiwan, August 3rd, 2017 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2017 second quarter operating results. Company reported net profit of NT\$327 million, or earnings per share of NT\$0.95. For the first six months of 2017, earnings per share were NT\$2.75.

Operating Results

Despite historically weaker seasonality in second quarter, TPK recorded unaudited consolidated revenues of NT\$22,407 million, up 31.2% year-on-year and up 4.6% quarter-on-quarter. The sequential growth in revenues was primarily attributable to healthy demand for smartphone, ramp-ups in new tablet products and increasing popularity of 2-in-1 laptops. Gross profit amounted to NT\$1,510 million and gross margin increased to 6.7% from 5.6% in 1Q17 due to production efficiency enhancement and lower depreciation cost.

Within the cost-of-goods-sold items, raw material cost was NT\$16.6 billion, up from NT\$15.8 billion in 1Q17. Labor cost was NT\$1.7 billion, down from NT\$1.8 billion in the previous quarter. Depreciation expenses was NT\$1.9 billion for the quarter, marked the lowest quarterly depreciation cost since 4Q15.

2Q17 operating expenses remained flat quarter-on-quarter at NT\$1.1 billion, which continued to mark the lowest quarterly operating expense level in the past 7 years. Net interest expenses for the quarter totaled NT\$203 million. We recorded foreign exchange loss of NT\$124 million in the second quarter due to stronger RMB against US dollar. As of June 30 2017, total number of employees was 29,429, similar to 28,489 in the first quarter of 2017.

Balance Sheet & Cash Flow

As of June 30, 2017, Company had cash and cash equivalent of NT\$19.3 billion, flat to NT\$19.5 billion at the end of first quarter. Total bank borrowings, including RMB bonds, totaled NT\$24.3 billion, down from NT\$26.2 billion in the previous quarter, reflecting continued reduction on financial leverage. Net-debt-to-equity ratio further enhanced to 0.39 from 0.45 on March 31, 2017. Quarterly EBITDA remained healthy at NT\$2.8 billion. Capital expenditures during the second quarter were NT\$1.0 billion on accrual basis. Operating cash-flows remained sufficient to cover the capital expenditure, and further reduced bank debts in the second quarter.

Note: All financial numbers are prepared in accordance with IFRS which is approved by regulators in Taiwan.

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ABOUT TPK

TPK was founded solely for touch solutions in 2003. We are the inventor of transparent glass-based projected capacitive (P-Cap) touch solutions and the first company for mass production. Since 2Q 2010, TPK has expanded its touch product offering into PET-film based solutions. Our production sites are located in Xiamen City of Fujian Province, China. TPK is completely and vertically integrated for one-stop shopping for touch solutions.

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